

Response of the Global Legal Entity Identifier Foundation (GLEIF) to Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) changes to mortgage reporting requirements

March 2019

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) changes to mortgage reporting requirements. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.

First, GLEIF would like to provide a response for the Question 3 in the Consultation Paper.

Question 3: Do you agree with the FCA proposal to add these fields to the PSD performance report? If not, what amendments would you suggest?

FCA proposes to add following fields to the PSD performance report: (i) if owned by an authorized firm, the reference number of that firm; (ii) if owned by an entity which is not authorized, the legal name of that entity and (iii) whether the account is part of a closed book.

GLEIF suggests the FCA to require LEI of the firm as part of the PSD performance reporting requirements. As mentioned in the FCA's MMS Interim Report published in May 2018, the absence of performance data about mortgage books that have been sold to unregulated entities limits FCA's understanding of potential detriment to consumers.

Use of a standard international authoritative identifier, the LEI as the identity management key, will result in a high degree of quality of data for both regulators and reporting entities.

Use of the LEI also could simplify implementation monitoring. The LEI is a foundational tool for aggregation and analysis and could help to identify issues and trends. The LEI would be useful particularly in measuring the private benefits and costs that accrue to particular market participants or end users, as well as to supervisors.

GLEIF's proposal is also in line with the international best-practices in mortgage reporting requirements implemented by different regulators. For example, US Consumer Financial Protection Bureau (CFPB) requires LEIs for mortgage lenders and borrowers at loan-level data as part of the disclosure requirements under Home Mortgage Disclosure Act. With respect to the LEI, the Bureau acknowledged that disclosure of the financial institutions through LEI would substantially facilitate the consistent identification of applicants or borrowers.

Lastly, GLEIF suggests that FCA and PRA consider requiring LEI for identifying the following data reporting fields in performance data (report for all regulated mortgage contracts) as part of the upcoming *Mortgages (Regulatory Reporting) Instrument 2019*:

- LEI of the firm which owns beneficially the rights of the lender under the mortgage contract, instead of the reference number
- LEI of the lender that currently holds the mortgage, instead of the reference number
- LEI of the administrator, instead of the reference number